

m/047/007

Doug Jensen - Re: Bonding of SF Phosphates LMO

From: <Pete_Sokolosky@ut.blm.gov>
To: "Doug Jensen" <djensen.nrogm@state.ut.us>
Date: 10/17/01 11:21 AM
Subject: Re: Bonding of SF Phosphates LMO

Doug -

I just re-faxed what I sent in April 2000. What appears on page 31 of SF's plan is their calculation (based upon what SF understood about our "old" financial guarantee regulations). The current financial guarantee regulations (43 CFR 3809.522(a)) indicate the financial guarantee must cover the estimated cost as if BLM were to contract with a third party to reclaim the operations. There have been internal discussions between our State Office lead (Terry Snyder) and Field Offices in Utah about what exactly how the bond amount should be calculated based upon the new financial guarantee language (nothing final as of yet). Some of the perspectives of the way the BLM may calculate bonds may have come up in the meetings UDOGM and BLM representatives have had regarding the memorandum of understanding.

I think as long as the (per acre) cost estimate to reclaim the tailings disposal area surface is generally in line with UDOGM's estimate, then we should be in good shape. I will worry about tweaking the reclamation estimate (for plan UTU76097) once a BLM policy for calculating financial guarantee amounts for plans is implemented.

Please let me know if you have any other questions

Pete Sokolosky
 Vernal Field Office - BLM

"Doug Jensen"
 <djensen.nrogm@state.ut.us>
 To: <Pete_Sokolosky@ut.blm.gov>
 cc:
 Subject: Re: Bonding of SF Phosphates LMO
 10/17/01 09:47 AM

Pete

I've looked around and I couldn't find a copy of your April 2000 bond calculation. Could you send me another copy so that I can attach it to our bond calculations.

Doug

>>> <Pete_Sokolosky@ut.blm.gov> 10/15/01 01:55PM >>>

Doug -

I forgot to reply to your message of October 2, 2001. In it you explained that BLM would be named in the bond when it is finalized. You asked if the BLM wanted to have UDOGM include some verbiage on the bond calculation sheet to note the portion of the bonded acreage is BLM ground. I would like to have such noted.

You might recall that I in April 2000 I faxed you some information regarding a reclamation cost estimate for the BLM administered lands involved (as contained in SF's plan of operation UTU76097). At that time they estimated a reclamation cost of \$53,040 (which included hydromulching costs multiplied by a 10% administration fee). We will probably have to review the portion of the overall bond attributable reclamation of the operations which will be on BLM administered lands given that the posting of the bond post dates January 20, 2001 (date final 43 CFR 3809 regulations were implemented); even though our office did approve the plan before the new regulations went into effect (approval was contingent upon the posting of the bond before operations commence on BLM administered lands).

I imagine the final update of the memorandum of understanding [between UDOGM-BLM and R-4 of the USFS about operating on mining claims and sites]

may also impact the way the BLM attaches to a UDOGM held bond (and possibly the calculation of it). For now, as long as the amount of the overall bond attributable to reclamation of the 23.8 acres of BLM administered lands is no less than \$53,040, that will probably be good on an interim basis (basically because SF has yet to conduct tailings storage operations under their UTU76097 plan).

Please send a copy of SF's updated bond which shows the BLM as being named in the bond (and the calculation which shows the portion of the bonded BLM administered acreage) to myself and Opie Abeyta (at the Utah State Office). Please do cite the BLM plan of operation serial number - UTU76097 on the correspondence.

Thanks

Pete Sokolosky

PS - got the copy of the August 3, 2001 letter to SF regarding the LMO bond you sent me. I'll probably be calling Mr. McCourt soon to introduce myself.